

REQUEST FOR PROPOSALS
FOR A
WIND ENERGY PROJECT
HARLOWTON WIND FARM
NEAR HARLOWTON, MONTANA
WHEATLAND COUNTY



STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND
CONSERVATION

TRUST LAND MANAGEMENT DIVISION

DECEMBER 21, 2011

TABLE OF CONTENTS

- 1. General**
- 2. Response Format**
- 3 Technical Proposal Phase I**
- 4. Technical Proposal Phase II**
- 5. Final Project Requirements**

GENERAL INFORMATION

1. DESCRIPTION OF SOLICITATION

1.1 Introduction

The Department of Natural Resources and Conservation (DNRC) Trust Land Management Division requests proposals from wind energy project developers for the development of wind exploration and energy generation facilities to be located on state school trust lands. The state school trust lands covered in this Request for Proposals (RFP) are described in Section 1.2 of this RFP.

DNRC seeks proposals from experienced wind project developers capable of designing, constructing, financing, and operating a commercial-scale wind energy facility. To receive serious consideration, proposals must also incorporate state-of-the-art measures to minimize impacts to the environment.

1.1.1 Site Visit

Applicants interested in visiting the site should contact Clive Rooney at the DNRC Northeastern Land Office: clrooney@mt.gov and/or (406) 538-7789.

1.1.2 Legal Access to Property Restricted

Applicants should be advised that public access to the property may or may not exist. If no public access exists, access for applicants would need to be arranged by the applicant through an adjacent landowner.

1.1.3 This RFP is in Two Phases

The development of wind energy on state trust lands is offered under a competitive bidding process through an RFP in a two phase process. This RFP offering is for Phase I and is intended to select a qualified developer under Phase I selection criteria. If the department determines the proposal is responsive and meets minimum criteria, a land use license will be offered to allow the developer access and development rights to the parcel(s). Phase II of the RFP process will be required. Upon completion of the elements of all RFP phases, including approval of an environmental review through the Montana Environmental Policy Act (MEPA) process, a lease will be offered to the developer.

Phase I:

Cover and Title Page (Sect. 3.1);
Intent and Project Characteristics (Sect. 3.2);
Bidder Description (Sect. 3.3);
Legal Entity of Bidder (Sect. 3.4);
Plans and Financing (Sect. 3.5);
Project Description (Sect. 3.6);
Project Development Status (Sect. 3.7);
MET Towers (Sect. 3.8);
Turbine Manufacturers and Procurement (Sect. 3.9);
Compensation to the State (Sect. 3.10); and
Proposal Evaluation (Sect. 3.11).

Highest legitimate bidder will be invited to submit information required in Phase II.

Phase II:

Project Description (Sect. 4.1);
Demonstration of Financial Ability (Sect. 4.2);
Project Site and Expansion Potential (Sect. 4.3);
Site Control (Sect. 4.4);
Project Output (Sect. 4.5);
Wind Resource (Sect. 4.6);
Major Equipment (Sect. 4.7);
Transmission Availability and Electrical Interconnection (Sect. 4.8);
Environmental Review, Key Permits (Sect. 4.9);
Schedule (Sect. 4.10); and
Additional Information (Sect. 4.11)

DNRC reserves the right to reject any or all proposals.

1.2 Trust Lands Offered for Wind Energy Project

County:

Wheatland County

Location:

<u>T</u>	<u>R</u>	<u>S</u>	<u>Legal</u>	<u>Acres</u>	<u>Co</u>
T9N	R15E	36	All	640	Wheatland
T8N	R16E	16	All	640	Wheatland
T8N	R16E	20	W2NE4, NW4, S2	560	Wheatland
T8N	R16E	22	All	640	Wheatland
T8N	R16E	28	N2, N2S2	480	Wheatland

TOTAL ACREAGE

2960

1.3 Objectives

DNRC's objectives in issuing this RFP are:

- To lease state trust lands for wind exploration and new commercial-scale wind facilities;
- To generate income for state trust beneficiaries that reflects full market value of the use of trust lands for wind energy development; and
- To achieve commercial operation of the wind projects as soon as possible, with minimal impacts to the environment.

This solicitation is not aimed at research or demonstration projects.

1.4 Solicitation Schedule; Deadline for Receipt

The schedule for this RFP is as follows:

December 21, 2011Publish Request for Proposals.

January 25, 2012Phase I **proposals are due by 5 p.m.** Mountain Time.

February 15, 2012Phase I proposals are scored and the successful respondent is notified.

All proposals must be received before the deadline to receive consideration.

1.5 Where to Send Proposals

Submit five paper copies of the proposal to the address shown below:

*HARLOWTON WIND FARM SEALED COMPETITIVE BID
DNRC – REMB
Attn: MIKE SULLIVAN
1625 11th AVE
HELENA MT 59620-1601*

Also provide a CD, or email the file(s), containing the proposal to Mike Sullivan at the address above and/or emailed to: misullivan@mt.gov.

The file(s) must be in Microsoft Word and/or Excel files.

1.6 Withdrawal and Modification of Proposals

Bidders may withdraw their proposal and submit a revised proposal prior to the response deadline. After the response deadline, bidder-initiated changes will not be accepted.

1.7 Confidential or Proprietary Information

DNRC will not accept proposals or other documents that are marked to indicate the entire document is the confidential or proprietary information of the sender or that restricted handling is required. If the bidder considers data to be confidential or proprietary, those portions of the proposal must be clearly marked “Confidential” on each page containing confidential information.

1.8 Communication

Communication with DNRC related to this RFP must be sent by email to Mike Sullivan at misullivan@mt.gov; (406) 444-6660.

Parties who request a copy of the RFP or send email regarding the RFP will be placed on an email distribution list. Questions and requests for clarification regarding the RFP – and DNRC responses – will be distributed to everyone on the email distribution list.

2. RESPONSE FORMAT

2.1 Introduction

This section contains the instructions for preparing the Technical Proposal. If more than one proposal is submitted, each must be submitted as a separate proposal that includes the requested project information. A minimum set of mandatory information is required to ensure an adequate description of the proposed work. A prescribed format for the proposal is given to facilitate preparation and evaluation.

The merits of a proposal depend on: (1) how well the proposal demonstrates understanding of and meets DNRC's objectives and requirements as described in the Project Description; (2) the bidder's qualifications; and (3) the bidder's responsiveness to the technical proposal preparation instructions, which follow. Additional material may be presented beyond that requested only if it is necessary for clarification of the proposal.

Elaborate proposals, lengthy discussions, and non-critical attachments are discouraged.

2.2 Proposal Details and Format

The proposal presents the bidder's plans for the project based on the concepts given in the Project Description, the details requested below, and how the bidder expects the project to proceed.

The proposal must be organized and have the requested information in the sequence presented below. Sections must be numbered and identified as given below. Additional subsections may be defined if they will help present and identify important material. If a requested item is not known or is not applicable, please indicate that in the applicable section of the proposal. Relevant documents may be cited, but copies are not expected to be included as part of the proposal at this time unless specifically requested.

Please note that if an applicant has questions or seeks clarification regarding the RFP, and that question and answer may be applicable to all RFP applicants, the questions and the DNRC's answers may be provided to all RFP applicants by email.

Proposals must be "typed" on 8.5x11 inch paper with each page numbered. For ease in reading maps may be submitted on larger paper up to 11x17 in paper. Proposals must also be submitted as computer files in Microsoft Word and/or Excel. The computer files should be submitted on a CD or emailed as specified in Sections 1.5.

2.3 Response Detail

Responses to Phase I should be clear and concise, designed to convey intent and the basic concept of supporting information.

Responses to Phase II should be in-depth, conclusive and definitive.

For example, if a statement in Phase I was made indicating that officials from the U.S. Fish and Wildlife Service believe the proposed wind development will be clear of any avian concerns,

Phase II would include specific information and supporting documentation from the USFWS clearly supporting the statement made in Phase I.

2.4 Proposal Evaluation Process

Each proposal received on time will be reviewed and evaluated by a proposal evaluation panel composed of DNRC staff and consultants.

Proposals will be screened to determine if they contain the requested information in the required format. Proposals that meet these criteria will be designated *responsive* and proceed to the next level of evaluation. Proposals that do not meet these criteria will be designated *non-responsive* and set aside.

Responsive proposals will be evaluated and ranked according to the criteria found in Phase I and II.

2.5 Developer Selection and Contract Award Process

The responsive proposal with the best overall score will be offered a land use license (LUL) for "Exploration and Secured Development Rights." This LUL will be charged according to the bid criteria for "Exploration and Secured Development Rights" as indicated within Section 3. If no proposals are deemed satisfactory, DNRC may return all proposals and may issue a new solicitation.

The top ranking bidder will be contacted to confirm details relative to their Technical Proposal, development schedule, and compatibility with DNRC's decision-making schedule. A letter describing DNRC's intent to enter into a LUL will be sent to the bidder. Best faith efforts will be made at this stage by DNRC and the selected bidder to execute the LUL. If this is not possible within 90 days of issuing the DNRC letter regarding the LUL, the proposal may be eliminated and the process may be repeated for the next qualified proposal, or the DNRC may choose to re-open the bid at another time.

2.6 Threshold Requirements

Proposed projects must meet the following threshold requirements. Proposals that do not meet these requirements will be rejected.

Phase I and II

1. The proposal must be received before the response deadline, adhere to the Response Format, and contain all of the requested information.

Phase II

1. The developer must demonstrate site control by providing copies of wind leases on adjacent lands or other evidence that the developer has secured all land and access rights needed to construct and operate the facility for the term of the lease.
2. Output from the facility must be delivered to a transmission line that has sufficient capacity to transmit power and has firm and or non-firm transmission rights available or already in the applicant's name. Transmission considerations are discussed in Section 5.2

of this RFP. The applicant must demonstrate that the above is possible or necessary steps will be taken to acquire and accomplish the requirement.

3. The developer must provide estimates of hourly, daily, and monthly power production, as further described in the Response Format section of this RFP.
4. The developer must be willing to cooperate in the environmental review required under the Montana Environmental Policy Act (MEPA). MEPA requires state agencies to consider the environmental impacts of any major decision before making an irretrievable commitment of resources. The MEPA process is described in Section 5.3 below. Costs associated with the development and completion of MEPA will be assessed to the applicant.

PHASE I

3. TECHNICAL PROPOSAL

3.1 Cover and Title Page

Put the name of the project, company name, date of the proposal, the person(s) responsible for the proposal preparation, and all co-sponsors currently in the project. The cover shall include the legend “Technical Proposal for Evaluation Purposes by the Department of Natural Resources and Conservation.” Number each copy on the cover.

Clearly show that this is the Technical Proposal Phase I on both the cover and title pages. Number each copy of submitted proposals as 1 of 5, 2 of 5, and so on. Please submit five copies.

3.2 Intent and Project Characteristics

The intent of this RFP is to receive responses that demonstrate the experience of the Bidder in wind farm development and operation, and to evaluate the Bidder’s ability to secure project financing, and ultimately achieve the objectives described in Section 1.3.

- To lease state trust lands for wind exploration and new commercial-scale wind facilities;
- To generate income for state trust beneficiaries that reflects fair market value of the use of trust lands for wind energy development; and
- To achieve commercial operation of the wind projects as soon as possible, with minimal impacts to the environment.

3.3 Bidder Description

Provide the following:

- Background;
- Years of experience of each team member in projects similar to this Proposal (team members are individuals that will have direct and primary responsibility for the development of the wind farm);
- Megawatts of projects financed and/or operated by Bidder;
- Projects developed including facility name, location, size (If a project was developed by the bidder and is now operated by a different entity, clearly indicate that as well.); and
- The role of the developer in the wind farm’s development and operation.

3.4 Legal Entity of Bidder

Description of the current or proposed legal status of Bidder, the state of incorporation and all affiliated companies, including holding companies, subsidiaries, and predecessor companies

presently or in the past engaged in developing and/or implementing similar projects. Description should include but is not limited to:

- What type of business entity is the proposer – LLC, Corporation, Partnership, Joint Venture, etc.?
- Is the business entity registered with the Montana Secretary of State and authorized to do business in Montana?
- Is the business entity currently active and in good standing with the Montana Secretary of State?
- In what state (or country) is the business entity primarily domiciled?
- Is the business entity name the same or different in Montana than from other elements of the business entity in other states (or countries)?

3.5 Plans and Financing

- Describe the structure and status of a plan for Project financing. Include major provisions of the plan along with any milestones the Project must meet for ongoing financing.
- If past financing has resulted in an operational wind farm briefly describe that past financing process.
- Provide a list of any current credit issues raised by rating agencies, banks, or accounting firms and a list of all credit ratings from the major rating agencies, if available.

3.6 Project Description

Describe a plan of development for the wind farm. The intent of this criterion is to assess the wind farm developer's capacity and interest in developing the project in a timely manner, preferably in 5 years or less.

3.7 Project Development Status

Identify anticipated completion dates of major project milestones including:

- Permitting – Describe the permitting plan and timeline anticipated to collect baseline information and other environmental data. Indicate if environmental baseline information has already been collected including location of data collection and dates.
- Transmission plan – Describe a plan for electrical transmission and any transmission interconnect studies or agreements completed to date.
- Included in this plan should be a discussion of any potential phasing of the wind farm development. Identify the criteria used to locate wind turbines on project lands. The project summary must include an estimate of the number and type of turbines placed on state trust land. In addition, the plan should identify any state trust lands that would not have turbines located on them, but would have electric transmission lines and/or access roads.
- Construction – provide anticipated construction dates(s)

- Commercial operation – provide anticipated commercial operation date(s)
- Power Purchase Plan – Demonstrate the ability to obtain a power purchase agreement (PPA), show other PPA's that have been negotiated and secured.

3.8 MET Towers

Provide evidence of MET tower agreements in or adjacent to the project area along with operational dates for the MET towers.

3.9 Turbine Manufacturers and Procurement

Describe any existing relationships with wind turbine manufacturers and ability to procure wind turbines and on what timeframes.

3.10 Compensation to the State

The minimum bid amounts are detailed in this section below. Responses should indicate both the minimum bid from the RFP, and the bid from the respondent.

3.10.1 *Exploration and Secured Development Rights*

Wind exploration and the right to hold the property for wind development has a minimum bid of \$1.00 per acre per year for years 1-5 of a five-year land use license (LUL). Should additional time be needed, the LUL may be extended for an additional five years at \$2.00 per acre per year; or at a rate double the amount bid in the RFP response, whichever is higher. These exploration and secured development rights shall be recognized through a DNRC-issued land use license (LUL). This right to hold the property for wind exploration and development will carry over to the lease document. Once the lease is effective this LUL and its associated fees will end, however, the lease document will have fees per Section 3.10.6 of this RFP.

3.10.2 *Installation Fees*

Minimum one time installation fee equal to \$2,500 per megawatt of installed capacity.

3.10.3 *Operating Fee*

The lessee shall pay the greater of: three percent (3.0%) of Gross Revenues as defined in this RFP for years one through 20 of the lease, and four percent (4.0%) of Gross Revenues for years 21 through 40, or in any case a minimum annual payment of \$2,500 for each megawatt of installed capacity annually; or if applicable the annual minimum shall be not less than 5% of the appraised land value at the effective date of the lease. Gross Revenues is defined below.

3.10.4 *Definition of "Gross Revenues"*

“Gross Revenues” under this paragraph shall mean cash payments received by Tenant from a utility or other person or entity (collectively, a “Utility”) for electricity sold to the Utility which is generated from the Wind and Electricity Facility located on the Property and delivered to the point of interconnection on the utility grid including any price inflators negotiated in the power purchase agreement or similar document with the Utility, but limited to, the net of wheeling, integration, transmission and/or congestion charges including line losses (if any) paid by Tenant. Gross Revenues must result from arms-length negotiations. If the transaction(s) determining ‘Gross Revenues’ is/are not the result of arms-length negotiation (such as a transaction with an affiliate) which results in a rate less than the comparable commercially reasonable fair market value for such energy, then the appropriate rate for purposes of calculating ‘Gross Revenues’ under this Lease Agreement shall be the higher comparable commercially reasonably fair market price for such energy. Gross revenues shall not include the sale of credits for greenhouse gas reduction for the generation of renewable or alternative energy on the Property, including renewable energy credits as defined in laws, regulations and rules which are applicable to the Wind and Electricity Facility. Gross revenues shall not include any gross revenues from any facilities not located on the Property; any production tax credits, investment tax credits, or other tax credits or benefits; or any proceeds from the sale, lease, financing or other disposition of any Wind and Electricity Facility or any interest of Tenant in this Lease or the Project. Payments shall be paid quarterly within forty-five (45) days of the end of each calendar quarter following the Commercial Operation Date. Each payment shall be accompanied by a statement setting forth the basis on which the payment was computed.

3.10.5 *Audits and Reporting*

The Lessee shall maintain reasonable records, for a period of eight years, of its performance under this Agreement. The Lessee agrees that DNRC, the Legislative Auditor, or the Legislative Fiscal Analyst may audit all records, reports, and other documents, which the Lessee maintains under or in the course of this Agreement to insure compliance with this Agreement. Such records, reports, and other documents may be audited at any reasonable time subject to a period of eight years. The Agreement may be unilaterally terminated by DNRC upon the Lessee's refusal to comply with this or any other section. All records and documents shall be made available for inspection in the state of Montana, in a project office to be maintained by the Lessee.

Lessee shall provide, along with payment, a report which shows the calculations for the Gross Revenues for each turbine on School Trust Lands. The costs identified in the definition of Gross Revenues - wheeling, integration, transmission and/or congestion charges (if any) paid by Tenant – must be delineated in this report for each turbine on School Trust Lands.

3.10.6 *Other Payments*

From the effective date of the lease until the commencement of construction the fee shall be the greater of \$5.00 per acre per year or \$10,000. From the commencement of construction until the date the project begins delivering commercial quantities of electricity, the Commercial Operations Date, the fee shall be the greater of \$7.00 per acre per year, or \$10,000. In the event

ten years pass from the effective date of the lease and has not reached the commercial operations date, the fee shall be the greater of \$15.00 per acre per year or \$30,000 if construction has not commenced. If construction has commenced the fee will be the greater of \$21.00 per acre per year or \$30,000.

If the lessee locates an electric substation on the premises the fee shall be the greater of \$2,500.00 per year, or \$500.00 per acre per year for every acre occupied by the substation.

If the lessee has or installs permanent towers, sensors and data logging electronics for collecting meteorological data, the lessee shall pay \$1,000.00 per MET tower per year.

3.11 Proposal Evaluation

Phase I – 300 points maximum.

Compliance with the threshold criteria in Sections 1.4, 2.2 and 2.6. Proposals that do not satisfy the threshold criteria will not receive further consideration.

3.11.1 Compensation to the State: 100 points

Any bid in this section below the minimum described will exclude the bidder from consideration for this RFP.

Installation fee – minimum bid \$2,500 per megawatt.25 pts

Royalty – Minimum bid expressed as a percentage of the Gross Revenues as defined in this RFP not less than as follows.75 pts

Years 1 – 20 3% of Gross Revenues

Years 21 – 40 4% of Gross Revenues

* Due to the uncertainty of the date a project would become operational, for comparison and scoring purposes all projects will be assumed to be operational in year 6.

3.11.2 Project Summary: 100 points

Plan of development identifies major milestones (The department anticipates developments to begin within 5 years and prefers shorter timelines).20 pts

Without public access, is legal access to the site secured through adjacent lands20 pts

Wind development rights secured on neighboring lands10 pts

Wind data collected.....10 pts

Environmental baseline information collected10 pts

Interconnect process request applications made10 pts

Power purchase agreement completed20 pts

3.11.3 *Risk Management Characteristics:* 100 points

Average experience of the bidder and team in wind farm development and operation

One point per year of averaged experience20 Pts Max

List projects developed by Bidder including facility name, location, size, megawatts of projects.

One point per 100MW developed experience (no half points)50 Pts Max

Role of the developer in the wind farm's development and operation.30 Pts Max

Developer/Operator 30 pts

Developer of wind farm only 15 pts

Consultant/other 5 pts

Total:300 points

Following review of the information contained in Phase I proposals; the highest legitimate bidder will be selected.

At this point DNRC will offer the successful applicant a land use license for "Exploration and Secured Development Rights." The applicant/developer will be offered a lease for wind power development, pending successful completion of Phase II, and of an environmental analysis of the actions proposed.

PHASE II

4. TECHNICAL PROPOSAL

Phase II must be completed and approved prior to issuance of a lease for wind energy development.

4.1 Project Description

Describe the project in greater detail. Describe the project's features and the work completed to date. Describe the wind data collection program for the site. Discuss how the long-term annual expected energy from the project would be established.

Indicate if requested information is not known. Include the following information (this list is indicative, not exhaustive):

- Project location. Provide a map showing the location of key sites for facilities, including such items as transmission lines, access roads, met towers, substations, operation buildings, etc.
- Project size in acreage. If the project can be expanded, please describe.
- Expected annual and monthly output (in megawatt-hours) of the facility. A graph showing monthly output is suggested.
- The make and model of wind turbines that will be used. If a final wind turbine selection has not been made, list the candidates under consideration.
- Where the facility will connect to a transmission system, and any new transmission facilities that will be required.
- The schedule for permitting and construction, and expected date of commercial operation.

4.2 Demonstration of Financial Ability

Information submitted in Phase II must include a balance sheet (pro-forma) for leasing and developing the property. This must include a summary of projected income and costs for the first 5-10 years of the operation of the lease along with a discussion of the economic assumptions upon which the projections are based. The summary must include an analysis of the annual minimum cash flow requirements for the applicant to break even.

4.3 Project Site and Expansion Potential

Describe the size of the wind power plant (number of units, nameplate capacity, and estimated annual output) to be installed as part of the proposed project on both private and state trust land. If additional wind turbines could be installed in the future, estimate the potential total installed nameplate capacity of wind turbines that could be installed at the site.

4.4 Site Control

Provide documentation of site control, including wind rights, access road, and transmission corridor easements needed to construct and operate the facility during the term of the power purchase agreement. An example of such documentation would be copies of lease agreements with landowners.

4.5 Project Output

Provide an estimate, in tabular form, of monthly and hourly project output in megawatt-hours. Provide this information separately as an Excel file. Describe how the estimate was derived.

4.6 Wind Resource

Describe the source and basis of the wind speed data used in the development of the proposal. Include the purpose and location of the data collection, period of record, levels of measurements and seasonal data recovery, and the organization responsible for the data collection.

4.7 Major Equipment

Describe the selection criteria and process that was used to select the wind turbine. Describe past operating experience, if any, with the selected turbine and manufacturer.

Provide technical specifications for the selected turbine.

Describe the other major wind plant components, such as towers, controllers, major electrical components, and software. Identify the suppliers and provide technical specifications.

Include the schedule for procurement and delivery of the turbines and other key components of the project in the schedule requested in Section 4.10.

4.8 Transmission Availability and Electrical Interconnection

Identify the expected interconnection point to the available transmission system. Discuss any new pole lines, line upgrades, switchyards and substation work required to complete the interconnection.

Discuss the distribution or transmission grid capacity at the interconnection now, after planned upgrade work, and then after the project is in full operation.

Provide copies of system impact studies, interconnection studies, and correspondence with appropriate Transmission Business Line related to the availability of transmission capacity and whether system upgrades will be needed to integrate the proposed wind project.

Discuss the availability of transformers and other long-lead electrical equipment that will be required to support the project.

Describe plans for metering the energy from the project.

Include the schedule for completing the expected electrical interconnection work in the schedule requested in Section 4.10.

4.9 Environmental Review, Key Permits

The proposer is responsible for securing the data and resources necessary to complete an Environmental Assessment (EA) or Environmental Impact Statement (EIS). The DNRC will determine whether an EA or EIS is most appropriate for the proposed project. Discuss known environmental issues relative to the development and operation of the project, including avian issues and baseline noise levels. If possible, provide a copy of an up-to-date listing of candidate, listed, and proposed endangered or threatened species habitat in the proximity of the project. This listing can be obtained from the U.S. Fish and Wildlife Service.

Provide copies of any wildlife or other environmental studies that have been performed related to the project. If such studies are in progress, describe them and identify the person(s) or firm(s) doing the studies including name, title, address, telephone and fax numbers, and email.

Describe measures that will be taken to minimize the potential for avian mortality, noise, and visual impacts of the facility. The proposer is responsible for securing a study of avian impacts from the proposed wind farm.

Identify the key permits (such as a conditional use permit or site certificate) required to build and operate the project. Discuss their current status, the schedule for obtaining key permits and approvals, and the approach to be used. Include this schedule in the schedule requested in Section 4.10.

Outline the process you plan to follow to involve local residents in the planning/permit process.

4.10 Schedule

Show a schedule of tasks in a graphic form, such as a Gantt chart, detailing the length of time required for each task. Include the time lines requested in other sections of this Technical Proposal so that all schedules are together.

4.11 Additional Information

Provide additional information, with appropriate headings, that will help describe the project and plans.

5. FINAL PROJECT REQUIREMENTS

This RFP is directed at experienced wind project developers with demonstrated ability to design, construct, operate, and maintain large-scale wind energy facilities. Applicants must be able to obtain transmission rights, necessary road and utility easements, the lessee is responsible for the design, labor, materials, and equipment necessary to construct and operate the project.

Respondents must be able to obtain construction and long term project financing. Respondents will be responsible for a transmission study to determine if nearby transmission lines have the carrying capacity to accept and deliver energy generated from the wind project and costs associated with the preparation and completion of the environmental review under the Montana Environmental Policy Act (MEPA), see Section 5.3.

5.1 Project Design

The developer must design, engineer, procure, construct, install, and provide all support necessary to build a wind energy facility and deliver the output to an available transmission system. Developer obligations include but are not limited to:

- Securing all land rights, easements, and rights-of-way needed to construct and operate the facility.
- Obtaining or updating any permits or agreements required for the project, including any wheeling agreements necessary to deliver project output to existing transmission systems.
- Paying the costs for environmental impact mitigation, monitoring, and studies required for the project.
- Operating, maintaining, and decommissioning the facility, and the associated costs.

Wind turbines must be appropriate for utility-grade operations and designed to have an expected life commensurate with the term of the lease. Wind turbines must be procured from an established vendor of commercial wind turbines. Advanced wind turbine designs or important modifications to previous versions of the same turbine or auxiliary equipment components will be considered, provided other requirements of this RFP are met. However, field-testing of new turbine designs is not an objective of this RFP, and proven designs will be preferred.

Electrical equipment, metering, and interconnection facilities must be selected, installed, and maintained in accordance with prudent utility industry practices and must comply with further requirements as described in Section 4.7.

5.2 Interconnection to the Transmission Systems

Obtaining a system impact study to determine transmission availability and upgrades necessary to integrate the project is the responsibility of the project developer. A professional Transmission Services Associate should be contacted for information regarding the cost and time required for the system impact study.

Facilities necessary to deliver the output to the transmission line and the cost of hardware and engineering services needed to connect to the system are the responsibility of the project developer. The developer will need to request an interconnection study from the appropriate

owner of the Transmission Line. The Transmission Services Account Executive should be contacted for information regarding the cost and time required for the interconnection study.

5.3 Environmental and Permitting Considerations

MEPA requires state agencies to consider the environmental consequences of a major decision prior to making an irretrievable commitment of resources. It is expected that in nearly all cases an Environmental Assessment (EA) or Environmental Impact Statement (EIS) will need to be completed before making a decision whether to sign a lease agreement for a new wind power facility on state school trust land. DNRC will have sole discretion to decide the level of environmental review required.

An EA with a finding of one or more significant impacts related to the proposal would automatically elevate the environmental review to an EIS.

An EA with no significant findings, referred to as a Finding of No Significant Impact (FONSI) in National Environmental Policy Act language, would mostly likely allow the project to proceed with only the EA level of environmental review.

Most power projects require an EIS.

The applicant will pay for the EA or EIS and will be expected to cooperate in the process.

Project design must incorporate state-of-the-art measures to minimize the potential for avian mortality, reduce noise, and minimize visual impacts of the facility. The project must incorporate and comply with mitigation measures identified in the EA or EIS.

If the project requires county or state permits, such as a conditional use permit or site certificate, the developer will be expected to obtain these permits and pay associated costs. Where applicable the EA or EIS can be used to satisfy county or state requirements.

5.4 DNRC Decision-Making Process

DNRC will not make a final decision to proceed with the project until DNRC's decision maker signs a Record of Decision (ROD). A lease agreement could be executed soon after the issuance of the ROD and Land Board approval if applicable.